

## Catastrophic Mental Health U.C.A. § 31A-22-625

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## Background: Mental Health Parity

- Prior to the Mental Health Parity Act of 1996, only five states had mental health parity laws.
- By 2004, forty-six states (including Utah) had some type of mental health parity in force.

## Background: Mental Health Parity

### Number of States with a Mental Health Parity Law

	Count
Mandated Benefit	27
Mandated Benefit Offering	12
Mandated, If Offered	7
Total Number of States	46

Data Source: National Conference of State Legislatures (2004)

## Review of Statute

- Statute is a "Mandated Benefit Offering" law.
- Applies only to commercially insured group health plans sold to employers.
- Insurers must offer mental health coverage to employers at the time of purchase and renewal.

## Review of Statute

- Employers have the option to accept or reject mental health coverage as part of purchasing a group health insurance policy.
- Employers may select one of four options:
  - No mental health coverage
  - Fifty/fifty mental health coverage (small group only)
  - Catastrophic mental health coverage
  - Coverage that exceeds the minimum requirements

## Mental Illness in the U. S.

- Approximately 20 percent (1 in 5 ) of Americans suffer from a diagnosable mental disorder in any given year.
- The most serious and disabling conditions affect approximately 5.4 percent of adults and between 5 and 7 percent of children (ages 9 to 17).

### Use of Mental Health Services

Percent of Population using Mental Health Services each year

	Adults (18 and older)	Children (9 to 17)
General Medical	6%	3%
Specialty Mental Health	6%	8%
Human Services	5%	17%
Voluntary Support Network	3%	-
Any of Above Services *	15%	21%

Data Source: U. S. Health and Human Services (1999)

\* Totals do not add up due to overlap

### Use of Mental Health Services

- Health insurance only covers general medical and specialty mental health services.
- General medical is usually covered under "major medical coverage".

### Use of Mental Health Services

- Specialty mental health is usually covered under "mental health coverage".
- Psychotropic drugs are usually covered under standard pharmacy coverage.

### Mental Health Spending

Mental Health Expenditures by Provider Type for 1996

Provider Type	Mental Health	All Health
Specialty Mental Health	73%	5.1%
General Medical	18%	1.3%
Pharmacy (Psychotropic Drugs)	9%	0.6%
Total	100%	7.0%

Data Source: U. S. Health and Human Services (1999)

### Mental Illness in Utah

- The Utah State Division of Substance Abuse and Mental Health has adopted national prevalence estimates for Utah.
- Approximately 5.4 percent of adults have a serious mental illness (SMI).
- Between 5 and 7 percent of children (ages 9 to 17) have a serious emotional disturbance (SED).

### Methodology

- Obtained four years of data from health insurers representing more than 90 percent of the group health insurance market.
- Data from 1999 and 2000 represents the market prior to the mental health statute.
- Data from 2001 and 2002 represents the market after the mental health statute.

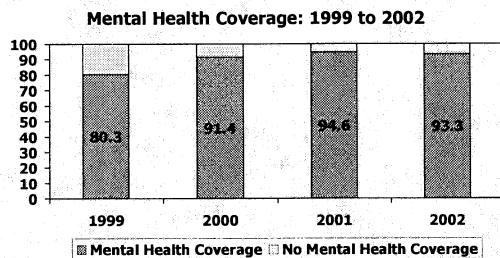
## Scope of Study

- Coverage Impact
- Population Impact
- Financial Impact
- Estimated Benefits

## Coverage Impact

- In 1999, approximately 80 percent of insured members had mental health coverage for both inpatient and outpatient services.
- By 2002, more than 93 percent of insured members had mental health coverage, a relative increase of 13 percent.

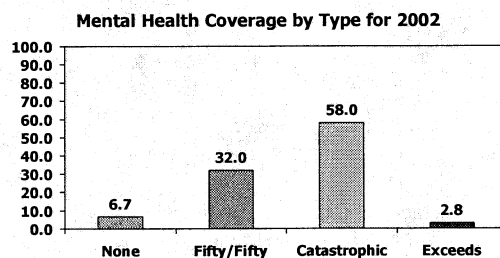
## Coverage Impact



## Coverage Impact

- Mental health coverage appears to have become more standardized.
- By 2002, most small group plans were reporting fifty/fifty coverage and most large group plans were reporting catastrophic coverage.

## Coverage Impact



## Population Impact

- Statute only affects Utah's commercial health insurance market, specifically those covered by employer group policies.
- Utah's group comprehensive health insurance market covers approximately 29 percent of Utah residents.

## Population Impact

- Insurance Department estimates that between 1.0 percent and 1.7 percent of Utah residents and their families are directly impacted by the mental health statute.

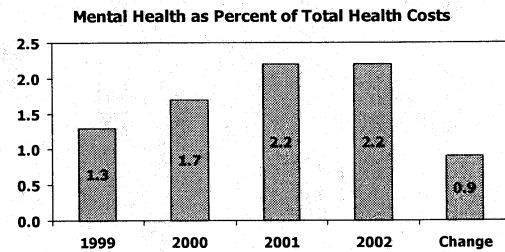
## Financial Impact

- Financial impact was measured as a percent of total comprehensive claims for the years, 1999, 2000, 2001, and 2002.
- All data was converted to 1999 dollars using the Medical Cost Price Index and weighted by member years.

## Financial Impact

- In 1999, mental health services accounted for 1.3 percent of comprehensive losses per member per year.
- By 2002, mental health services accounted for 2.2 percent of comprehensive losses per member per year, a relative increase of 0.9 percent.

## Financial Impact



## Financial Impact

Losses PMPY for Mental Health Services from 1999 to 2002

	1999	2000	2001	2002	Percent Change
Comprehensive	\$1,127	\$1,084	\$1,260	\$1,260	+11.8%
Mental Health	\$15	\$18	\$28	\$28	+87.0%

Data Source: 2004 Catastrophic Mental Health Survey

## Financial Impact

Percent of Total Health Costs paid for by Health Insurance

	Comprehensive	Mental Health
1999	85%	70%
2000	84%	72%
2001	83%	76%
2002	82%	76%
Change	-3%	+6%

Data Source: 2004 Catastrophic Mental Health Report

## Financial Impact

### Change in Mental Health Services from 1999 to 2002

	Utilization Per 1,000	Losses PMPY
Inpatient Services (Days)	-54.6%	+35.7%
Outpatient Services (Visits)	+80.1%	+86.2%

Data Source: 2004 Catastrophic Mental Health Report

## Financial Impact

### Percent of Mental Health Costs Paid for by Health Insurance

	Inpatient Services	Outpatient Services
1999	75%	67%
2000	74%	66%
2001	83%	70%
2002	82%	70%
Change	+7%	+3%

Data Source: 2004 Catastrophic Mental Health Report

## Estimated Benefits

- Moderate increase in the number of insured members with mental health coverage.
- Moderate shift from inpatient to outpatient services.
- Insurers covered more of the cost of mental health services in 2002 than in 1999.